	<p><b>STATE OF MICHIGAN</b> <b>DEPARTMENT OF COMMUNITY HEALTH</b></p> <p><b><i>MEDICAID MANAGED SPECIALTY SUPPORTS AND SERVICES</i></b> <b><i>CONCURRENT 1915(B)/(C) WAIVER PROGRAM CONTRACT</i></b></p>	<b>ATTACHMENT</b>
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## 1.0 General Report Overview

Section 7.7.1 of the Medicaid Managed Specialty Supports and Services Concurrent 1915(b)(c) Waiver Program Contract (Contract) outlines the contractual obligations with respect to the Risk Corridor. Funding from other sources or contractual arrangements are completely excluded from the shared risk arrangement, as the PIHP / CMHSP assumes full risk of operating within the boundaries of the approved expenditure and revenue budget of each of these funding arrangements, i.e., funding formula, categorical, all fee-for-service, MIChild and Adults Benefits Waiver payments. The shared risk arrangements shall cover all Medicaid 1915, 1915(b)(3) capitation and 1915(c) Habilitation Supports Waiver payments. The risk corridor is administered across all services, with no separation for mental health and substance abuse funding.

The establishment of an Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the Medicaid Managed Specialty Supports and Services Concurrent 1915(b)(c) Waiver Program Contract (Contract). The ISF should be kept at a minimum to assure that the overall level of Prepaid Inpatient Health Plan (PIHP) funds are directed toward consumer services. For further information refer to Part II – Section 7.7.4 PIHP Assurance of Financial Risk Protection and Attachment P.7.7.4.1 Internal Service Fund Technical Requirement of the Contract.

The Medicaid Shared Risk Calculation and Risk Financing quarterly reports serve as point in time reflection of activities for monitoring purposes and must be submitted specific to the reporting period. The final report is the basis for the Contract Reconciliation and Cash Settlement and must reflect all activities for the entire fiscal year (FY).

## 2.0 Report - Due Dates

The Medicaid Shared Risk Calculation and Risk Financing report is due


<u>Report Period</u>	<u>Report Type</u>	<u>Due Date</u>
October 1 – June 30	Nine Month (3 <sup>rd</sup> quarter)	August 15 <sup>th</sup>
October 1 – September 30	Projection	August 15 <sup>th</sup>
October 1 – September 30	Interim	November 10 <sup>th</sup>
October 1 – September 30	Final	February 28 <sup>th</sup>

## 3.0 Report Submission

### 3.1 Report Submitted via US Mail

This is no longer applicable. Electronic report submission required.

### 3.2 Report Submission – Electronic

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The report should be submitted electronically to the department by the due date identified in 2.0 above at [MDCH-MHSA-Contracts-MGMT@michigan.gov](mailto:MDCH-MHSA-Contracts-MGMT@michigan.gov).

The report's file name must identify the reporting fiscal year, period covered (submission type), agency name, report title and date of submission. Example: For the FY 10 second quarter FSR reporting package submitted from network180 for the Medicaid Shared Risk Calculation & Risk Financing report, the file name should read as **FY10 Q2 network180 FSRBUNDLE 05-30-2010**. Note: The Medicaid Shared Risk Calculation & Risk Financing report is part of the FSR Bundle file.

Refer to the Electronic Report Submission Guidelines for report submission specifications.

#### 4.0 Report Specific Navigation or Terminology

The Internal Service Fund – Medicaid worksheet includes cell shading to assist the end user with completion of the form.

Report headers are shaded in light green.

Cells requiring data entry are shaded in yellow.

Cells that are formula driven and should not have data entered are not shaded.

Select cells have conditional formatting applied so that if an erroneous entry is made the cell will turn orange.

Worksheet protection has been enabled.

Precision as displayed functionality has been enabled. As such, Excel will utilize the displayed value instead of the stored value when it recalculates formulas.


The term "Submission Type" on the worksheet refers to the reporting period, i.e., 2<sup>nd</sup> quarter, 3<sup>rd</sup> quarter, Interim, Final, Projection.

#### 5.0 Instructions for Completion of the Report

The PIHP name, Fiscal Year, Submission Type and Submission Date have been brought forward from the FSR – Medicaid.

##### 5.1 Section 1 – Shared Risk Calculation

This section represents the shared risk calculation and the determination of risk responsibility between the PIHP and MDCH.

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### **Section 1.a – Specialty Managed Care – Medicaid Capitation**

The cell is formula driven. The formula is *plus* FSR-Medicaid, A.120, Column I.

#### **Section 1.a.1 – Band # 1 (100 – 105%)**

The PIHP is responsible for the first risk band up to 105% of the Specialty Managed Care – Medicaid capitation (authorization). This cell is formula driven and represents 5% of the Specialty Managed Care – Medicaid capitation (authorization). The formula is *Specialty Managed Care – Medicaid Capitation times 5%*.

#### **Section 1.a.2 – Band # 2 (105 – 110%)**

The second risk band from 105% to 110% is shared equally between the MDCH and the PIHP. This cell is formula driven and represents the amount of the second risk band. The formula is *Specialty Managed Care – Medicaid Capitation times 5%*.

#### **Section 1.b – Risk**

Enter the Net Medicaid Services (Deficit) amount from the Medicaid Contract Reconciliation and Cash Settlement worksheet.

**State Risk Column** – This column represents the portion of the risk liability that is State responsibility. It is formula driven by band. For Band #1 Liability, since there is no State responsibility the cell is grayed out. For Band # 2 Liability, since the State and the PIHP share equally in responsibility, the formula is *Band # 2 Liability times 50%*. For Band # 3, since the State is fully responsible, the formula is *plus Band # 3 Liability*.

**Local Risk Column** – This column represents the portion of the risk liability that is PIHP responsibility. It is formula driven by band. For Band # 1 Liability, since the PIHP is fully responsible, the formula is *plus Band # 1 Liability*. For Band # 2 Liability, since the State and the PIHP share equally in responsibility, the formula is *Band # 2 times 50%*. For Band # 3 Liability, since the State is fully responsible, the cell is grayed out.


**Total Risk Corridor** – This column represents the total Risk Corridor. The formula is *the sum of State Risk and Local Risk*.

#### **Section 1.b.1 Band # 1 Liability**

This cell is formula driven and represents the liability of risk in the first band. The formula is an IF/THEN/ELSE statement. The statement goes as follows:  
*IF the Risk (1.b) is less than or equal to the Band # 1 (1.a.1), THEN enter the Risk (1.b), ELSE (If the Risk (1.b) is greater than Band # 1 (1.a.1) then) enter the Band # 1 (1.a.1).*

#### **Section 1.b.2 – Sub-Total – Band # 1**

This cell is formula driven and represents the amount of Risk after consideration of Band # 1 Liability. The formula is *Risk (1.b) less Band #1 Liability (1.b.1).*

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#### **Section 1.b.3 – Band # 2 Liability**

This cell is formula driven and represents the liability of risk in the second band. The formula is an IF/THEN/ELSE statement. The statement goes as follows:

*IF the Sub-Total – Band # 1 (1.b.2) is less than Band # 2 (105 – 110%) (1.a.2), THEN Sub-Total – Band # 1 (1.b.2), ELSE (If the Sub-Total – Band # 1 (1.b.2) is more than Band # 2 (1.a.2) then) enter Band # 2 (1.a.2).*

#### **Section 1.b.4 – Sub-Total – Band # 2**

This cell is formula driven and represents the amount of Risk after consideration of Band # 2 Liability. The formula is *Sub-Total – Band # 1 (1.b.2) less Band # 2 Liability (1.b.3).*

#### **Section 1.b.5 – Band # 3 Liability**

This cell is formula driven and represents the liability of risk in the third band. The formula is *plus Sub-Total – Band # 2.*

#### **Section 1.b.6 Total Risk Responsibility**

This row represents the total State and Local Risk. It is formula driven. The formula is *the sum of Band # 1 Liability, Band # 2 Liability and Band # 3 Liability.*

### **5.2 Section 2 – Disposition of Risk**

This section represents the PIHP's Risk Management Strategy (RMS) for financing of the identified risk. Per the MDCH/PIHP Contract, the PIHP financial responsibility for liabilities for costs between 100% and 110% must be paid from Stop/Loss Insurance for cost over runs and, if the PIHP has an Internal Service Fund (ISF) for risk funding, prior to any other funds being utilized. If the PIHP's liability exceeds the amount available from insurance and ISF, other funding available to the PIHP may be utilized in accordance with the terms of the PIHP's RMS. The utilization of state general funds to address the Medicaid risk requires prior approval from MDCH. The MDCH reserves the right to disallow such use of general funds in whole or in part through the RMS process. Thus, use of state general funds to address Medicaid risk is limited to the MDCH approved amount.


#### **Section 2.a – Stop/Loss Insurance (FSR – All Non-Medicaid Line N 101)**

Enter the amount of stop/loss insurance utilized to finance the PIHP portion of risk. This amount can be found on the FSR All Non-Medicaid line N 101.

#### **Section 2.b – Medicaid ISF for PIHP Share Risk Corridor (FSR All-Non-Medicaid Line N 102)**

Enter the amount of the ISF utilized to finance the PIHP portion of risk. This amount can be found on the FSR All Non-Medicaid line N 102.

#### **Section 2.c – Local Funds / Local Fund Balance – Medicaid Services (FSR Line M 301)**

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At the discretion of the PIHP, local funds / local fund balance may be utilized to finance the MDCH and/or PIHP portion of risk. This section represents the amount of local funds / local fund balance utilized to finance the MDCH and/or PIHP portion of risk. Enter the amount of local funds or local fund balance utilized in the State Risk and/or Local Risk column(s) accordingly. The total amount can be found on FSR All Non-Medicaid line M 301.

**Section 2.d – General Fund Redirect for Unfunded Medicaid Costs – MDCH Approved ONLY (FSR All Non-Medicaid Line B 301)**

Enter, up to the MDCH approved amount, the amount of general funds redirected to unfunded Medicaid costs. This amount can be found on the FSR All Non-Medicaid line B 301.

**Section 2.e – Due PIHP From MDCH (FSR All Non-Medicaid Line N 103)**

Enter the amount of the MDCH share of the Medicaid risk liability that is due the PIHP. This amount can be found on the FSR All Non-Medicaid line N 103.

**Section 2.f – Total Risk Corridor Funding**

This row represents the total funding of the State and Local Risk. It is formula driven. The formula is *the sum of Stop/Loss Insurance (2.a), Medicaid ISF for PIHP Share Risk Corridor (2.b), Local Funds / Local Fund Balance (2.c), General Fund Redirect for Unfunded Medicaid Costs (2.d) and Due PIHP From MDCH (2.e).*

**5.3 Section 3 – Summary of Total Risk / Funding**

This section summarizes the total risk, the disposition risk and provides a check total to validate that the funding of the risk liability has been identified.

**Section 3.a – Total Risk**

This row represents the total State and Local risk liability. The cells are formula driven. The formulas are *plus Total Risk Responsibility (Section 1.b.6).*

**Section 3.b – Total Disposition of MDCH / Local Risk**

This row represents the total funding of the MDCH and Local risk liability. The cells are formula driven. The formulas are *plus Total Risk Corridor Funding (Section 2.f).*

**Section 3.c – Balance of Risk Corridor (Must = \$0)**

This row is a check total to validate that the funding of the risk liability has been identified. The cells must equal zero and are formula driven. The formulas are *plus Total Risk less Total Disposition of MDCH / Local Risk (3.a - 3.b).*